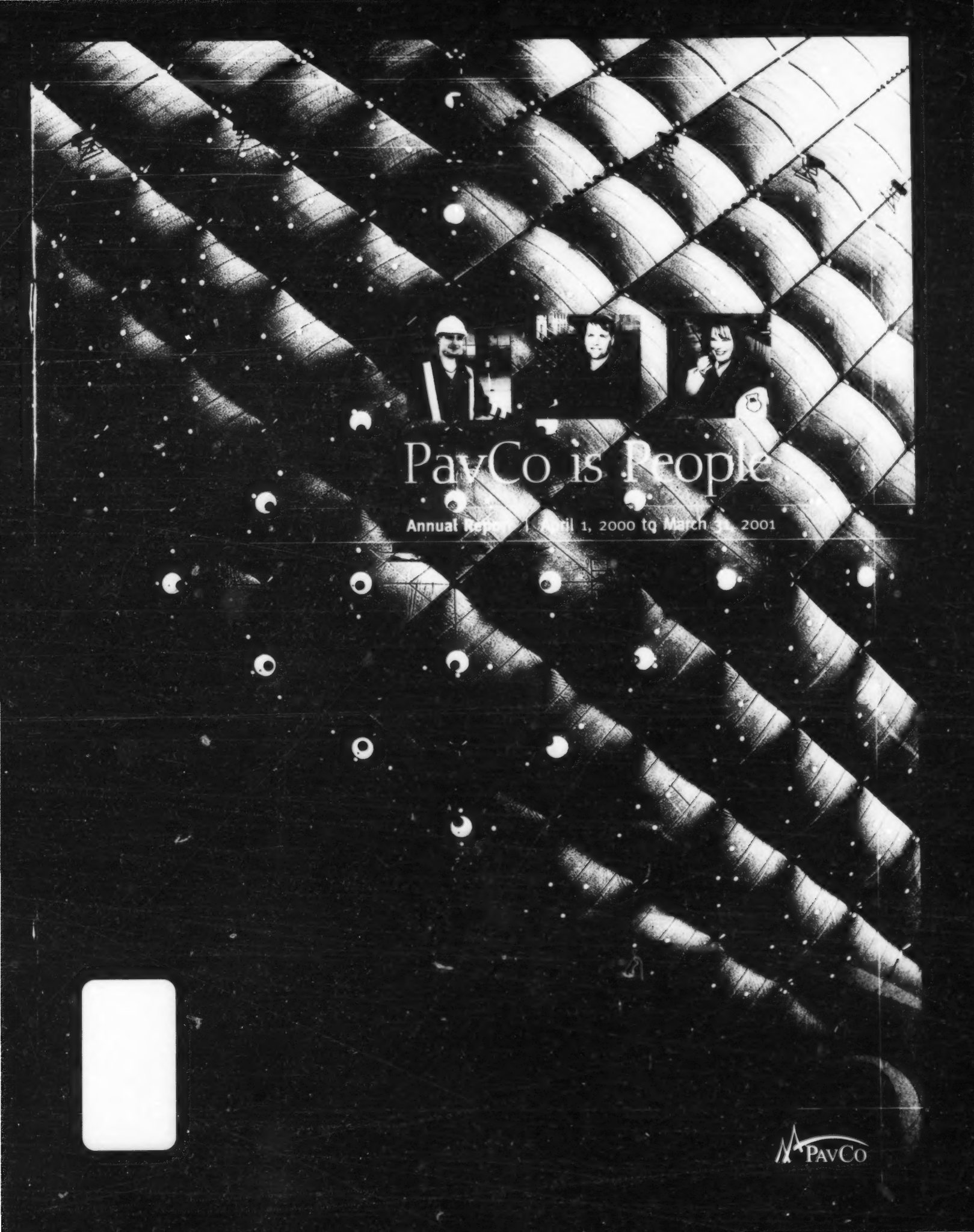
PavCo is People
Annual Report | April 1, 2000 to March 31, 2001
PAVCO

**OUR VISION**

To be the global leader in event facility management

**OUR MISSION**

To provide the best event experience for all our clients and guests

**OUR MANDATE**

To generate economic and community benefit for the people of British Columbia through the management of public tourism and cultural facilities

**OUR STRATEGIC GOALS**

To provide the highest levels of service and value

To broaden and increase economic benefit to the people of British Columbia

To optimize financial performance

To attract customers from international, national and local markets

To improve, expand and diversify our properties

To create healthy and supportive work environments for personal and organizational success

**OUR VALUES**

Quality and Service

Respect, Fairness and Honest Communication

Financial Responsibility

Creativity and Innovation

Enthusiasm and Humour

Environmental Responsibility

Integrity

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# Message from the Chair and CEO

Another great year in fiscal 2001 saw PavCo generate $579 million in economic benefit, resulting in an estimated $169 million in tax revenue for governments. With an operational subsidy of $2.4 million, PavCo's net contribution to the economy represents an outstanding return on investment.

Fiscal 2001 was an active year for PavCo facilities as they prepared themselves for the future. On October 19, 2000, the Vancouver Convention Centre Expansion Task Force, comprised of PavCo, Tourism Vancouver, the Vancouver Hotel Association and the Vancouver Board of Trade, presented industry's business plan for expansion of this vital economic engine. Since that time, the plan has been endorsed by numerous organizations ranging from the BC Chamber of Commerce to Jimmy Pattison and his team of financial experts. The project, if approved, will generate more than $1.5 billion in economic benefit and 7,500 jobs for British Columbia.

Catherine Van Alstine
Chair

BC Place Stadium is again getting ready to shine and, potentially, host the world. A revitalization plan for the Stadium is being created. The plan is focussed on the development of the PavCo lands surrounding the building, including: commercial office towers adjacent to the west edge of BC Place Stadium, a new downtown meeting centre integrated with the Stadium, a trade and consumer show entrance to the Stadium, as well as the revitalization of Terry Fox Plaza and Stadium promenades. The Board and Management are very enthusiastic about this initiative and see it as the start of a new era for BC Place Stadium.

Janis R. Ostling
President and CEO
(Acting)

One major event on everyone's mind is the 2010 Winter Olympics. As Olympic decision makers are increasingly looking for existing, not imagined, infrastructure, an expanded Vancouver Convention & Exhibition Centre and a revitalized BC Place Stadium are both integral components of the bid. PavCo also plays a key role in the bid through provision of accounting services to the Bid Corporation and participation on the 2010 Olympic Bid Venues Committee.

While some PavCo facilities are preparing for future opportunities, the Bridge Studios continues to focus on providing significant economic benefit by hosting film and television production. While all production at the Bridge Studios represents valuable economic spin-off for British Columbia, the Bridge Studios continues to emphasize the importance of attracting feature films to its John Thomas Effects Stage. Feature films like *13 Ghosts*, shot at the Bridge Studios in fiscal 2001, yield several times the economic benefit that other productions bring, but require a special effects stage for filming. These stages are not traditionally money makers on their own and, as a result, the Bridge Studios still offers the only special effects stage in British Columbia.

PavCo is an Economic Generator

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PAVCO

In conjunction with the local municipality, Tradex, PavCo's Fraser Valley Trade & Exhibition Centre located at the Abbotsford Airport, commenced significant realignment of access routes and parking facilities in fiscal 2001. The major reconstruction is being undertaken as the municipality attempts to improve access to the airport. The result is a tremendous improvement to Tradex's parking facilities. With WestJet offering regularly scheduled flights between Abbotsford and Calgary and Air Canada about to commence scheduled service from Abbotsford, things are literally beginning to 'take off'. The improvements to parking facilities and the increasingly active airport location are both indicators of good things to come at Tradex.

Fiscal 2001 was also a year of tributes. In October, after 18 years with the Corporation, PavCo's President & CEO, Warren Buckley, announced that he was leaving the Corporation to accept a new position in Singapore. At the end of November, PavCo said goodbye to a busy facility and dedicated staff with the closure of the Robson Square Conference Centre, the bittersweet result of a great initiative, a new downtown campus for the University of British Columbia. Also in November, BC Place Stadium sent our retiring local hero away in great style, as Lui Passaglia scored the final touchdown in the BC Lions' last home game before going on to win the 2000 Grey Cup. And finally, at the time of writing, British Columbia's tourism and event communities paid their final respect to Mike Horsey, PavCo's President from 1987 to 1991, who passed away in May.

As we look toward the future, PavCo is eager to play an even larger role competing on the world stage to bring conventions, events, and major motion pictures to British Columbia. Additionally, the meetings, conventions, and incentive travel sector offers huge potential for the British Columbia economy. PavCo is eager to build on its work to coordinate and develop this sector through the management and promotion of tourism and cultural facilities and programs. In fiscal 2001, PavCo got off to a great start by developing British Columbia's first province-wide online directory of meeting venues, *meetingsbc.com*. PavCo also helped the community of Quesnel evaluate its potential to develop the business travel sector to benefit their local economy.

Fiscal 2001 was a year of major change for PavCo, its facilities, and staff. With a new era about to begin in British Columbia, PavCo is ready to embrace the significant opportunities and challenges that will result.

On behalf of Management Committee and the Board, we look forward to working with government and British Columbians to build a prosperous future for this amazing province.

**Catherine Van Alstine** | Chair

**Janis R. Ostling** | President & CEO (Acting)

# Profile

B.C. Pavilion Corporation (PavCo) is a Crown corporation of the Province of British Columbia, reporting to the Ministry of Competition, Science and Enterprise, Hon. Rick Thorpe, Minister Responsible. It operates: •

**BC Place Stadium**
**Tradex** (Fraser Valley Trade & Exhibition Centre)
**The Bridge Studios**
**Vancouver Convention & Exhibition Centre**
**meetingsbc.com**

# Governance

B.C. Pavilion Corporation (PavCo) is incorporated under the Company Act (British Columbia). One share has been issued and is currently owned by Her Majesty the Queen in Right of the Province of British Columbia. The Minister of Competition, Science and Enterprise is currently responsible for appointing the Chair and the Board of Directors of the Corporation. Under the Company Act the President and CEO is also a Director.

The Board of Directors concentrates on providing leadership and direction to the organization in a manner consistent with the policies and directives of the provincial government. The performance results to be achieved by the Corporation and the guidelines placed on how these results are achieved are governed by the Board policies and communicated to staff through the CEO. The Board is also responsible for specifying and evaluating the functions and duties of the President and CEO. In the case of a vacancy, the Board, in consultation with the Minister, appoints the President and CEO.

The Board currently has four standing committees: Executive, Audit and Finance, Compensation and Marketing Communications. The Executive Committee is empowered to make decisions on behalf of the Board. The other three committees review and develop matters in their specific areas and make recommendations to the full Board.

## Board of Directors

Catherine Van Alstine *(Chair effective July 1, 2000)* **(E;C)**
Diana Reid, Chairman *(resigned June 30, 2000)*
Warren Buckley President & Chief Executive Officer *(resigned November 18, 2000)*
Derick Cheng **(A)**
Mike Corbeil *(effective December 8, 2000)*
Marie Decaire **(C;E)**
Elain Duvall **(A;E;C)**
David Gibbons *(to March 31, 2001)*
Justis Greene **(C;E;M)**
Franziska Kaltenegger **(E;C;M)**
Judith Lane **(M)**
Craig Lochhead *(effective April 1, 2001)*
David Y H Lui **(M)**
Robin Nagai **(A)**
Rolf Osterwalder **(A;C)**
Catharine Read *(September 7, 2000 to December 8, 2000)*
Rosalie Schmidt **(M)**
Tim Stevenson, MLA *(to September 7, 2000)*

## Committees

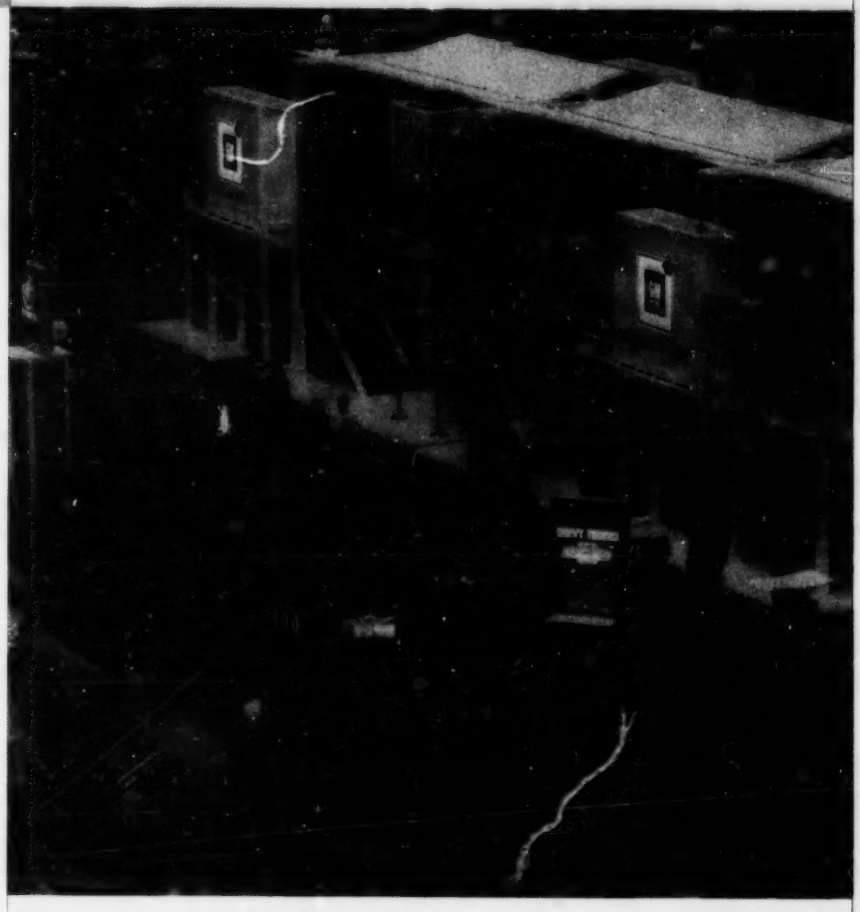
**A** Audit and Finance; **C** Compensation; **E** Executive; **M** Marketing

## Management Committee

Janis Ostling, President & Chief Executive Officer *(Acting)*
Pat Brand, Director, Human Resources
Susan Croome, General Manager, The Bridge Studios
Howard Crosley, General Manager, BC Place Stadium
John Harding, Chief Financial Officer
Dianne Lawson, Director, Meetings BC
Barbara Maple, General Manager, Vancouver Convention & Exhibition Centre
Tracey Short, Director, Facility Development
Lauren Thomas, General Manager, Tradex
Duncan Wilson, Director, Corporate Communications

## Corporate Secretary

Nazim Jamal



2001 saw PavCo generate $579 million in economic benefit, resulting in an estimated $169 million in tax revenue for governments

## The Corporation and its Performance Planning Process

**The Corporation** PavCo operates four successful public facilities within the Lower Mainland and the Fraser Valley of British Columbia. The facilities provide space for conventions, trade and consumer shows, film production, sporting events and a variety of other special events. In addition, Meetings BC, a new division of PavCo, was established in early 2000 to assist communities throughout the province in the development of their meeting and incentive travel industry sector.

PavCo's successful Robson Square Conference Centre closed at the end of November, 2000, due to the termination of its lease. Management is in the process of developing a BC Place Stadium Revitalization Plan which includes a new high-tech downtown meeting centre and supporting commercial development.

**Performance Planning at PavCo** Since fiscal 1996, when Management embarked on a new performance planning process, employees from all levels have participated in the individual facility plans. Strategic objectives for the operations flow into an overall corporate plan and performance statistics are gathered and compared. The methodology for evaluating performance measures has been set, ensuring that comparisons are consistent from year to year.

**There are six strategic goals for the Corporation:**

## To provide the highest levels of service and value

PavCo is a customer-driven organization. We must provide excellent service at all levels, or we risk losing new and repeat clients to other facilities. For this reason, we monitor customer satisfaction through two measures:

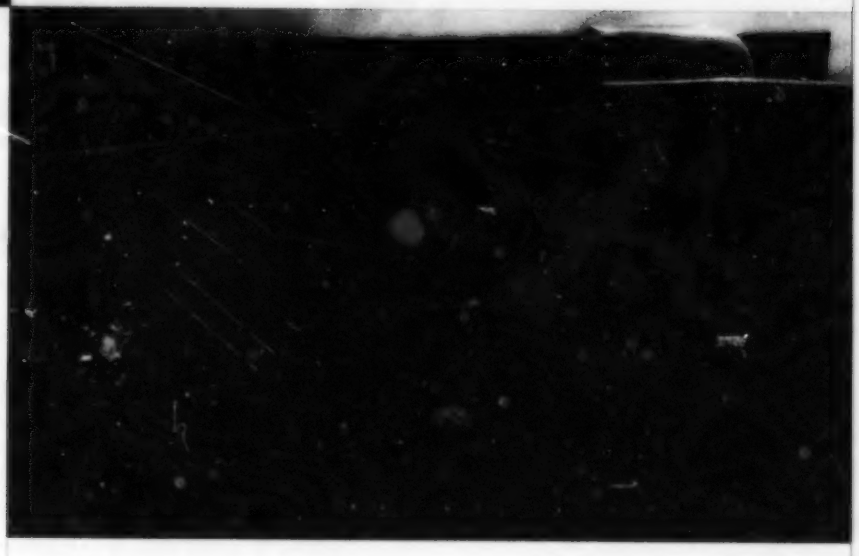
**Measure repeat clients to the facilities.** It is more cost effective to service a repeat client than to sell space to a new client. Due to the diverse nature of our facilities, the percentage of repeat clients varies.

Repeat clients to the facilities were as follows:

| | *Fiscal 2001* | *Fiscal 2000* |
|---|---|---|
| Vancouver Convention & Exhibition Centre | 29% | 52% |
| BC Place Stadium | 37% | 53% |
| Tradex | 33% | 65% |
| Robson Square Conference Centre | 58% | 58% |

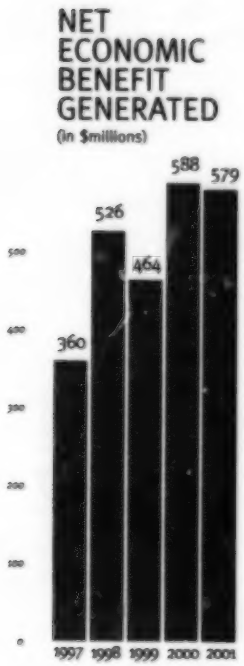
Results for the year showed a decline in repeat clients for all facilities except Robson Square Conference Centre which, until its closure, had a strong repeat client base. At BC Place Stadium and Tradex, some events that occurred for many years were cancelled, although, in many cases, they have been replaced by new events. At the Vancouver Convention & Exhibition Centre the change in repeat clients was partially attributed to the many one-time events which took place during the summer of 2000 as a result of labour disruptions in several Vancouver hotels. Also, many international conventions are required to change venues every year.

**Score on customer satisfaction surveys.** In order to continuously improve customer service, we require feedback from event organizers. Surveys are sent to clients after their event and the results monitored. For fiscal 2001, the satisfaction rating range was from 4.3 out of 6.0 at BC Place Stadium, to 5.0 out of 6.0 at Robson Square Conference Centre. There were no significant changes in ratings from fiscal 2000 to fiscal 2001.



## To broaden and increase economic benefit to the people of British Columbia

Our mandate is to generate economic and community benefit for the people of British Columbia. Using the services of an independent consultant, we measure net economic benefit generated by the Corporation based on the Tourism Economic Assessment Model developed by the Canadian Tourism Research Institute.




**Net economic benefit generated.** For fiscal 2001, the Corporation generated $579 million in benefit to the community from its activities. This amount is based on estimated expenditures by visitors to our facilities, subsequent spending in the province following the event activity, and the ripple effect through the economy of such spending. In addition to the economic benefit generated, it is estimated that for fiscal 2001, more than 11,505 full-year jobs were supported and $169 million in taxes raised. Economic benefits remained at a similar to level to that generated in fiscal 2000. Benefits generated through major convention activity fluctuate slightly from year to year, with fiscal 2001 yielding slightly fewer city-wide events. In the meantime, this dip was mostly offset by more diverse film production activities at the Bridge Studios.

## To optimize financial performance

As with most corporations, one of PavCo's strategic objectives is to optimize its financial performance. This is monitored as follows:

**Comparing the annual funding used for operations.** PavCo receives an annual subsidy from its shareholder, the Ministry of Competition, Science and Enterprise. The subsidy comprises funding for both capital and operational

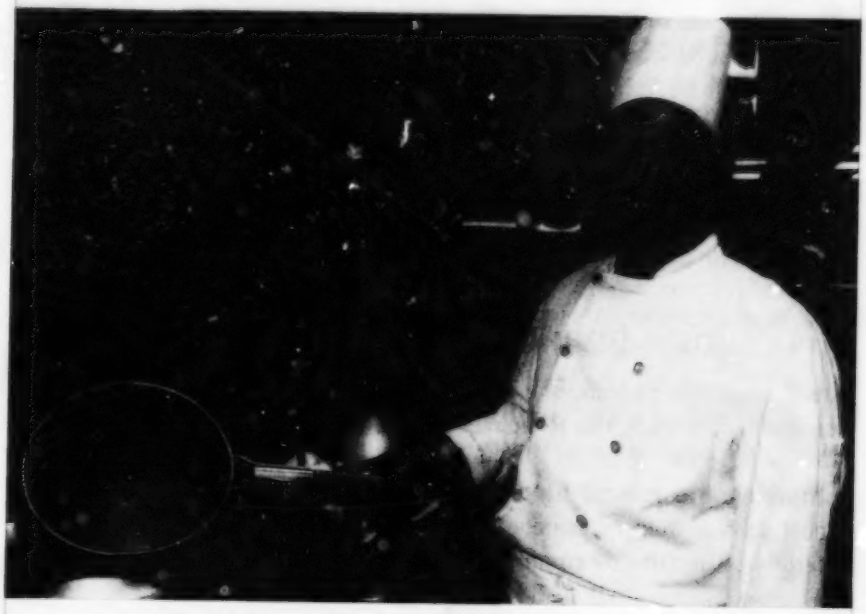
needs. In fiscal 2001 the Corporation received a subsidy of $746,000 to cover the shortfall on operations. Fiscal 2001 was not a major year for city-wide conventions at the VCEC and operating losses at BC Place Stadium increased due to the cancellation of events. Fiscal 2000 was unusual in that it was the first year in the Corporation's history that a subsidy was not required for operations due to excellent returns from conventions and close to full occupancy at the Bridge Studios.

## To attract customers from international, national and local markets

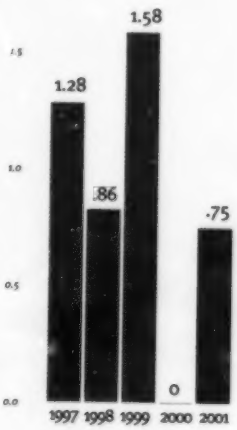
In addition to the objective of improving financial performance, PavCo also has the mandate of increasing economic benefits to the community. These goals are not always compatible, as some events bring enormous economic benefits to the community, while providing little profitability to the Corporation. In order to measure the effectiveness of the Corporation's marketing efforts, the following measures are calculated:

**Measure facility utilization.** BC Place Stadium and Tradex have specific show seasons and are fully booked for a large portion of the year. However, as with many other public facilities, their summer periods are quiet and further infill business is required to increase occupancy. The year to year occupancy levels fluctuate at these facilities as many trade shows are held on a biannual basis.

At BC Place Stadium the occupancy rate declined from 59 per cent in fiscal 2000 to 50 per cent in fiscal 2001. In addition to some event cancellations, some shows reduced the number of event days. Occupancy at Tradex remained effectively the same, although event attendance increased. At the Vancouver

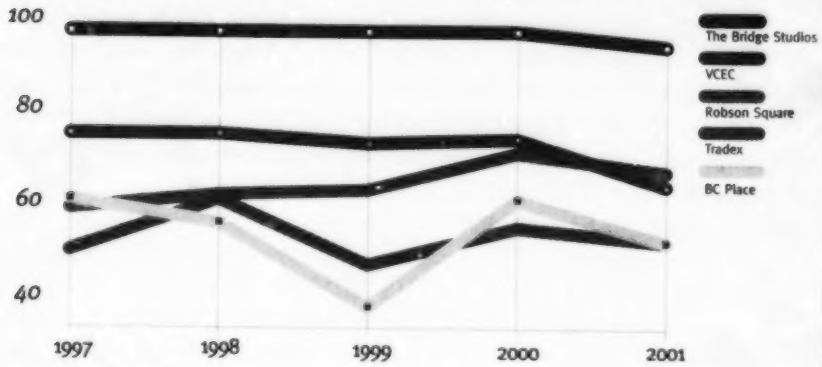


FUNDING RECEIVED FOR OPERATIONS
(in $millions)



Convention & Exhibition Centre, most convention space is fully booked for peak periods, so any increase in occupancy can only be achieved through infill business. Occupancy declined slightly with fewer city-wide conventions than for fiscal 2000. At Robson Square Conference Centre, the occupancy rate decreased slightly during the run up to closure of the facility. The Bridge Studios leases TV studio space on long term contracts and the John Thomas Effects Stage for movie production on three to nine month rentals. Occupancy for four of the past five years was constant at 95 per cent, and declined slightly to 92 per cent for fiscal 2001 as a result of more short term contracts during the year and a move away from longer term tenancies.

PERCENTAGE OCCUPANCY AT PAVCO FACILITIES




**Measure number of events by type.** PavCo strives to increase the number and quality of events at its facilities each year. However, as the greatest economic benefit is generated through convention activity, other event types may be displaced in order to maximize economic benefit from conventions. The number of events by type for fiscal 2001 was as follows:

| | *Fiscal 2001* | *Fiscal 2000* |
|---|---|---|
| Meetings | 348 | 614 |
| Banquets | 128 | 163 |
| Special Events | 94 | 124 |
| Conventions | 61 | 69 |
| Trade Shows | 42 | 45 |
| Consumer Shows | 36 | 41 |
| Sports | 19 | 16 |
| Entertainment | 1 | 1 |

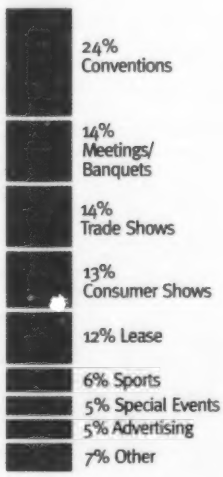
While there was a reduction in numbers of all major event types from fiscal 2000, most of this reduction is attributed to the closure of Robson Square Conference Centre, which hosted 344 events in fiscal 2001 compared to 696 events in fiscal 2000.

**Track attendance by facility.** As a measure of the Corporation's success, facility attendance is monitored. Attendance plays a significant role in a company's decision to become a corporate sponsor. Attendance was as follows:

| | *Fiscal 2001* | *Fiscal 2000* |
|---|---|---|
| Vancouver Convention & Exhibition Centre | 690,258 | 743,384 |
| BC Place Stadium | 714,258 | 865,899 |
| Tradex | 270,754 | 227,311 |
| Robson Square Conference Centre | 58,470 | 123,279 |

Attendance at the Vancouver Convention & Exhibition Centre and BC Place Stadium declined due to a reduction in major events. At the Vancouver Convention & Exhibition Centre there were fewer large conventions during the year, and at BC Place Stadium there were cancellations of some major events. Grey Cup, which was the largest event for fiscal 2000, was held in another city for fiscal 2001. Attendance at Tradex increased significantly during fiscal 2001 with new events, and increased attendance at other long-standing events. Attendance at Robson Square Conference Centre declined due to the shortened operational year.

REVENUE DISTRIBUTION
(fiscal 2001)




## To improve, expand and diversify our properties

PavCo is responsible for operating, maintaining and upgrading approximately $200 million in capital assets. The Corporation is not allowed to create reserves to provide for replacement of major assets, so the shareholder needs to be informed of their remaining useful lives.

An important factor in persuading potential clients to book events at the Corporation's facilities is their physical appearance and the range of services provided. The measures required to monitor physical assets are as follows:

**Measure estimated remaining lifespan of major assets.** The major assets that will require extraordinary funding to provide for replacement include the roofs at BC Place Stadium and Vancouver Convention & Exhibition Centre, and the internal video boards and artificial turf at BC Place Stadium. At March 31, 2001, the remaining lives for these assets were estimated at between five and 15 years.

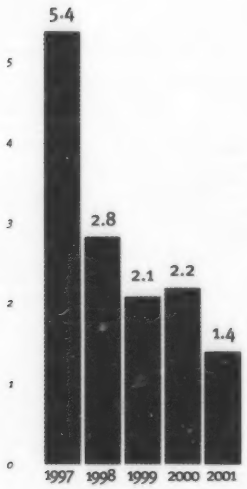
**Measure rate of replacement of assets.** For fiscal 2001, the actual rate of replacement of assets at the facilities was 0.7 per cent, which compared to 1.1 per cent in fiscal 2000.

**Measure return on investment for major assets.** Before any investment in a major asset addition is made, a feasibility study and calculation of anticipated financial return on funds is prepared.

In fiscal 1997, the Corporation made one major capital investment and expanded Bridge Studios space. For fiscal years 1998 to 2001 the return on this capital investment was 15 per cent.

In the last quarter of fiscal 1999, the Corporation retrofitted the exterior starboards at BC Place Stadium. Overall sponsorship revenues for BC Place Stadium remained stable after installation, due to the new technology being available to sponsors, but incremental sales during both fiscal 2000 and 2001 were not significant.

CAPITAL INVESTMENT
(in $millions)




## To create healthy and supportive work environments for personal and organizational success

**Measure employee diversity.** PavCo recruits a workforce representative of the diverse population of British Columbia. Recruitment attracted 70 per cent of its applications from members of the four employment equity groups. Of the 163 new employees hired, 48 per cent were women, 33 per cent were visible minorities and two per cent were persons with physical or mental disabilities. Efforts to successfully recruit more aboriginal people continue.

**Measure employee turnover.** PavCo's large part time employee population results in a high turnover rate, typically in the 20 per cent to 30 per cent range. The 22 per cent total this fiscal year was down 10 per cent from the previous year's high of 32 per cent. However, more full time employees departed during fiscal 2001 than previously. This was attributable partially to the closing of Robson Square Conference Centre and also to employees leaving for external career opportunities or lifestyle decisions.

**Measure employee satisfaction.** Employee opinion surveys have been conducted for the past four years and voluntary participation has risen each year. The fiscal 2001 overall rating shows a slight decline from 3.53 to 3.39, out of a potential score of five. Results are shared with employees at meetings where they are invited to recommend changes to improve the work environment. In addition, follow up on the negative comments provides the greatest opportunity for improvement of application of PavCo values and workplace practices.

**Measure of training provided.** PavCo's commitment to training and performance improvement also contributes to employee and guest satisfaction. During fiscal 2001, more emphasis was placed on identifying and correcting barriers to performance, as opposed to additonal classroom training hours. Many courses that were conducted were of shorter duration. As a result, average hours of training decreased from 16 hours to 6.5 hours per non-union employee and from 5.5 to 3.75 hours per union employee. A total of 89 training sessions had 97 per cent of attendees recommending the training they attended to others in the corporation and 91 per cent rating the training better than expected.

**Measure absenteeism.** Time lost due to sickness and injury is disruptive and costly to the Corporation. Attendance management and absenteeism tracking programs introduced recently are starting to pay dividends. Absenteeism decreased from 5.0 days in fiscal 2000 to 4.3 days in fiscal 2001, per non-union employee, and from 27 days to 17.9 days per union employee. The latter reflects the reduction of long term disability and WCB claims, a decline that is expected to continue. Additionally, the introduction of an employee wellness program is proactively addressing the health and well being of all employees both on and off the job.

## The Year in Review

Fiscal 2001 was another successful year for the Corporation in achieving its mandate of generating economic and community benefit for the people of British Columbia. Total benefits generated of $579 million were close to the record levels set in fiscal 2000. This was due to continued success at the Bridge Studios, and ongoing convention activities at the Vancouver Convention & Exhibition Centre.

As budgeted, operating revenues were reduced from the record levels attained in fiscal 2000, as the result of reduced event activity and the closure of Robson Square Conference Centre during the year. The economic slowdown that has recently affected British Columbia and North America resulted in the cancellation and reduction in the size of some events at the facilities during the year. These conditions continue to affect operations for the upcoming fiscal year.

The Corporation experienced its first year of financial profitability in fiscal 2000, but with the reduction in event activity during fiscal 2001, the operating funding requirement returned to traditional levels. The trend is expected to continue into the near future.

The Bridge Studios experienced its most profitable year ever. Despite slightly lower occupancy levels, the number of productions increased to 27 in fiscal 2001 from 11 the year before. Many new studios have opened in the Lower Mainland during the past two years, giving film producers a wider choice of production space. This, in addition to threatened industry labour disruptions resulted in many short term occupancies at the facility. This compares to previous years where there were long term tenants in occupancy.

The Vancouver Convention & Exhibition Centre had another successful year. There were fewer major city-wide conventions than during fiscal 2000, but infill business kept overall occupancy high. Successful expansion of the facility is critical to achieving harmony with market demands; planning for this project remained a high priority this year.

PavCo is Ready for the Future

As it ages, BC Place Stadium is entering a new era for its operations. In addition to an increased necessity for ongoing repairs, there has been a trend towards fewer large events at the facility. While BC Place Stadium will require long term funding for operations, its important function in the community and its central role as part of the 2010 Olympic bid only reinforce the need to keep the facility in excellent repair. Management is working on a revitalization program for the Stadium, including supporting development on the surrounding Stadium lands.

Tradex had another successful year. During the year, construction commenced on additional parking facilities and realignment of access routes. These improvements will enable larger events to be held at the facility with less disruption to the surrounding airport businesses.

# Management Report

The financial statements of B.C. Pavilion Corporation (PavCo) have been prepared by and are the responsibility of Management. They have been prepared in accordance with generally accepted accounting principles that are considered appropriate for the Corporation. As the valuation of some of the assets and liabilities is dependent on future transactions, some of the amounts are based on Management's best judgements and estimates.

Management maintains a system of internal controls and relies on these to provide reasonable assurance that the assets of the Corporation are being safeguarded, and that the financial transactions and statements of the Corporation are being recorded correctly. A Peoples Policy applicable to all employees deals with staff conduct.

The Audit and Finance Committee of the Board of Directors, who are not employees of the Corporation, meets regularly with Management and the external auditors to discuss accounting controls and other financial matters.

Management is responsible for all of the information presented in this annual report. The information in the report is consistent with that shown in the financial statements.

Janis Ostling |
President and CEO (Acting)

John Harding |
Chief Financial Officer

Grant Thornton

Chartered Accountants
Canadian Member Firm of
Grant Thornton International

P.O. Box 11177, Royal Centre
1055 W. Georgia St., Suite 2800
Vancouver, B.C. V6E 4N3

Tel: 604 687 2711
Fax: 604 685 6569

# Auditors' Report

To the Shareholder of B.C. Pavilion Corporation

We have audited the balance sheet of B.C. Pavilion Corporation as at March 31, 2001 and the statements of operations and cash flows for the year then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at March 31, 2001 and the results of its operations and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles. As required by the Company Act of British Columbia, we report that, in our opinion, these principles have been applied on a basis consistent with that of the preceding year.

*Grant Thornton LLP*

Vancouver, Canada
May 3, 2001

Chartered Accountants

# Balance Sheet
(in thousands)

| March 31 | 2001 | 2000 |
|---|---|---|
| **Assets** | | |
| Current | | |
| Cash | $5,124 | $5,354 |
| Receivables | 3,054 | 2,762 |
| Prepaids | 795 | 408 |
| | 8,973 | 8,524 |
| Capital assets (Note 3) | 144,491 | 147,895 |
| | $153,464 | 156,419 |
| **Liabilities** | | |
| Current | | |
| Payables | $4,248 | $4,715 |
| Deferred revenue | 3,609 | 2,963 |
| | 7,857 | 7,678 |
| Deferred government contributions (Note 4) | 114,475 | 117,609 |
| | 122,332 | 125,287 |
| **Shareholder's Equity** | | |
| Capital stock (Note 5) | 1 | 1 |
| Contributed surplus | 31,131 | 31,131 |
| | 31,132 | 31,132 |
| | $153,464 | 156,419 |

Commitments (Note 8)

On behalf of the Board

Catherine Van Alstine | Chair of the Board

Elain Duvall | Chair of the Audit Committee

*See accompanying notes to the financial statements.*

# Statement of Operations
(in thousands)

| Year Ended March 31 | 2001 | 2000 |
|---|---|---|
| Revenues from operations | $28,149 | $31,557 |
| Direct costs | 12,149 | 13,435 |
| | 16,000 | 18,122 |
| Facility expenses | | |
| Staffing | 7,908 | 7,896 |
| Operating | 5,014 | 5,216 |
| General and administration | 1,631 | 2,326 |
| Business development | 995 | 1,014 |
| Fees | 1,183 | 532 |
| Depreciation | 4,787 | 4,879 |
| | 21,518 | 21,863 |
| Loss before government contributions | (5,518) | (3,741) |
| Government contributions (Note 4) | | |
| Deferred contributions applied to offset depreciation recorded on capital assets contributed by the Province of British Columbia | 4,772 | 4,856 |
| Draw down from (recovery of) deferred contributions from the Province of British Columbia for operating purposes | 746 | (1,115) |
| | 5,518 | 3,741 |
| Net earnings | $ - | $ - |

*See accompanying notes to the financial statements.*

# Statement of Cash Flows
(in thousands)

| Year Ended March 31 | 2001 | 2000 |
|---|---|---|
| Cash derived from (applied to) | | |
| **Operating** | | |
| Loss before government contributions | $(5,518) | $(3,741) |
| Depreciation | 4,787 | 4,879 |
| Deferred revenue | 646 | (310) |
| Loss (gain) on sale of capital assets | 1 | (100) |
| Change in non-cash operating working capital (Note 7) | (1,146) | 481 |
| | (1,230) | 1,209 |
| **Financing** | | |
| Contributions from the Province of British Columbia | 2,384 | 2,380 |
| **Investing** | | |
| Capital asset additions | (1,386) | (2,179) |
| Capital asset dispositions | 2 | 126 |
| | (1,384) | (2,053) |
| Net (decrease) increase in cash | (230) | 1,536 |
| Cash | | |
| Beginning of year | 5,354 | 3,818 |
| End of year | $5,124 | $5,354 |

*See accompanying notes to the financial statements.*

# Notes to the Financial Statements

**1. General** B.C. Pavilion Corporation was incorporated by the Province of British Columbia on May 3, 1984 under the Company Act of British Columbia. The mandate of the Corporation is to generate economic and community benefit for the people of British Columbia through the management of public tourism and cultural facilities.

The Corporation owns and operates BC Place Stadium, Bridge Studios and Tradex, and operates the Vancouver Convention & Exhibition Centre under a separate agreement.

**2. Summary of significant accounting policies**

**Use of estimates** In conformity with Canadian generally accepted accounting principles, management is required to make estimates and assumptions that could affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the year. Actual results could differ from those reported.

**Capital assets** Capital assets funded through contributions by the Province of British Columbia, either to the Corporation or to predecessor Crown corporations, are recorded at cost less accumulated depreciation.

Capital assets funded by the Government of Canada are recorded at cost, net of the related contributions and less accumulated depreciation.

Capital assets contributed by other parties in exchange for services are recorded at the fair market value of the assets less accumulated depreciation.

Assets are depreciated over their estimated useful lives to the Corporation:

| | |
|---|---|
| Building and improvements | 10 to 50 years: buildings are depreciated on the sinking fund method; improvements on the straight line method |
| Furniture | 5 years, straight line |
| Computers | 3 years, straight line |
| Leasehold improvements | over the shorter of the estimated useful life of the improvement and the term of the lease |
| Motor vehicles | 30% per annum, declining balance |
| Other capital assets | 1 to 10 years, straight line |

**Government contributions** Funding received from the Province of British Columbia is deferred until utilized:

- Funding used for operations is recognized as a recovery in the statement of operations to the extent operating expenses exceed revenues. If revenues exceed operating expenses, the excess is considered a recovery of prior years funding and is transferred to deferred contributions.
- Funding used for the acquisition of depreciable capital assets is reflected as a recovery in the statement of operations in an amount equal to that required to offset depreciation charged on related depreciable capital assets.
- Funding received from the Province for acquisition of non-depreciable capital assets, such as land, is allocated to contributed surplus when the related assets are acquired.

**Operating revenues and expenses** Operating revenues and expenses are recorded on the accrual method.

**Contra-transactions** Deferred revenue resulting from contra-transactions, such as the exchange of goods or services for advertising, is amortized over the term of the services contract.

**Superannuation fund** The Corporation and its employees contribute to the Public Service Pension Plan in accordance with the Public Sector Pension Plans Act. The British Columbia Pension Corporation administers the Plan, including the payment of pension benefits. The Plan is a defined benefit pension plan. The financial position of the Plan is described in the financial statements of the Plan included in the Public Accounts of the Province. The most recent actuarial evaluation determined that the Plan is in a surplus position.

**Financial instruments** The Corporation has various financial instruments including cash, receivables and payables. The carrying values of these financial instruments approximates their fair value due to their short term nature.

**3. Capital assets**

| | Cost | Accumulated Depreciation | 2001 Net Book Value | 2000 Net Book Value |
|---|---|---|---|---|
| Facilities | | | | |
| BC Place Stadium | $173,753 | $42,158 | $131,595 | $134,001 |
| Bridge Studios | 14,508 | 5,477 | 9,031 | 9,639 |
| Tradex | 5,302 | 2,626 | 2,676 | 2,838 |
| Vancouver Convention & Exhibition Centre | 3,959 | 2,946 | 1,013 | 1,072 |
| Other | 1,986 | 1,810 | 176 | 345 |
| | $199,508 | $55,017 | $144,491 | $147,895 |

**4. Deferred government contributions**

| | Capital Asset | Operating | 2001 Total | 2000 Total |
|---|---|---|---|---|
| Balance, beginning of year | $117,609 | $ - | $117,609 | $118,970 |
| Contributions received from the Province of British Columbia | 1,638 | 746 | 2,384 | 2,380 |
| Recovery from operations | - | - | - | 1,115 |
| | 119,247 | 746 | 119,993 | 122,465 |
| Allocated to operations: To fund current operating deficiency | - | 746 | 746 | - |
| To offset depreciation recorded on related capital assets | 4,772 | - | 4,772 | 4,856 |
| | 4,772 | 746 | 5,518 | 4,856 |
| Balance, end of year | $114,475 | $ Nil | $114,475 | $117,609 |

| 5. Capital stock | 2001 | 2000 |
|---|---|---|
| **Authorized:** | | |
| 10,000 common shares without par value | | |
| **Issued:** | | |
| 1 share, held by Her Majesty the Queen in right of the Province of British Columbia | $1 | $1 |

**6. Environmental costs** The Corporation and predecessor property owners remain liable for environmental and reclamation obligations for known hazards that exist at Bridge Studios or may exist at other facilities. These hazards are being actively monitored and mitigated by the Corporation's management. Management is not aware of any existing environmental problems related to its facilities that may result in material liability to the Corporation.

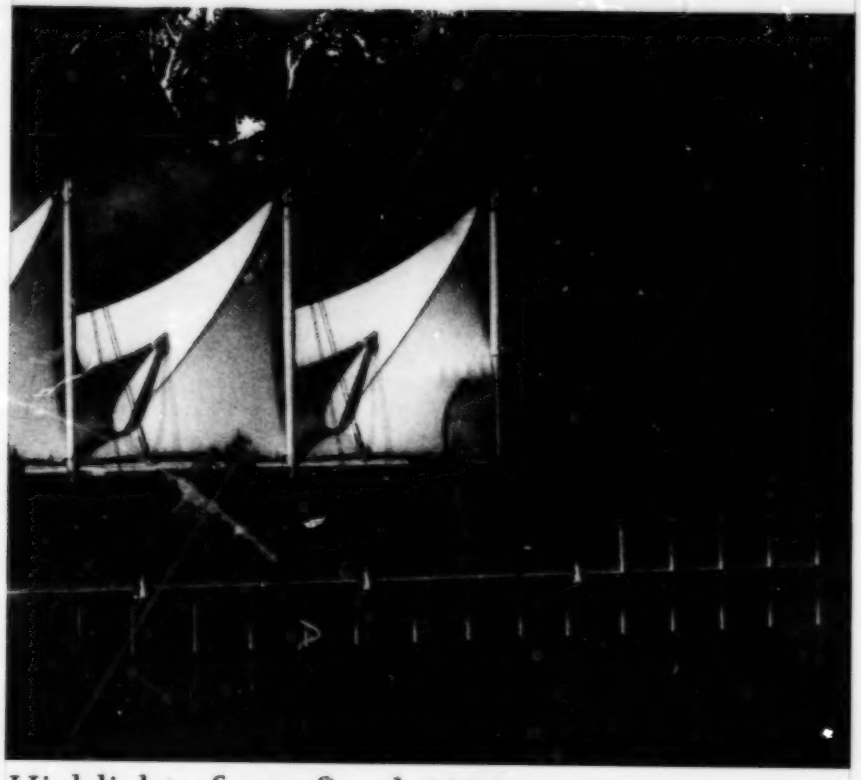
| 7. Change in non-cash operating working capital | 2001 | 2000 |
|---|---|---|
| Receivables | $(292) | $(714) |
| Prepaids | (387) | (21) |
| Payables | (467) | 1,216 |
| | $(1,146) | $481 |

**8. Commitments** The Corporation is committed under long term, non-cancellable operating leases requiring future minimum payments of $200 thousand for each of the next five years.

The Corporation has contracted to pay $900 thousand over ten years ending 2010 for traffic and parking improvements at a facility.

The Corporation has contracted to pay up to $27.5 million under an agreement to purchase lands for construction of expanded convention centre facilities in Vancouver. $0.5 million has already been paid, and, if the Corporation completes the acquisition, payment of $10 million is due August 1, 2001, with the balance of $17 million due December 15, 2001.

**9. Related party transactions** In the normal course of operations, the Corporation acquires from and sells goods and services to the Province of British Columbia and certain Crown corporations, predominantly under prevailing trade terms.



# Highlights from fiscal 2001

## Tradex

Vancouver Industrial Exhibition
Truxpo 2000
Lower Mainland Dog Fanciers Show
ASA Rucanor Tradex Tournament
Vancouver International Motorcycle Show
Early Bird RV Show & Sale
Pacific Agriculture Show
Fraser Valley Boat & Sportsmen's Show
Fraser Valley Home & Garden Show

## BC Place Stadium

Summersault Concert
Boat Show
Home Show
Auto Show
Motorspectacular
Playdome
BC Lions Season
World of Children's Choirs
Golf/Outdoor/Travel Shows...3 Shows in one.

## Robson Square Conference Centre

Vancouver International Film Festival
Canadian Society of Respiratory Therapists
Telus AGM
Microsoft
Brass Ring Career Fair
Nortel Networks
Goldwell Cosmetics
Melchizedek Method Conference
Dark Angel TV Series
Bloomers Conference

## VCEC

Council for Exceptional Children
Human Genome Organization
Medical Library Association
World Education Market
World Congress of Medical Technicians
Canadian National Square and Round Dance 2000 Convention
Biomolecular Screening
Canadian Cardiovascular Congress
Canadian Golf Superintendents Association
Pacific Dental Conference

## The Bridge Studios

Stargate
Outer Limits
Breaking News
13 Ghosts
They
Forty Days and Forty Nights
Friskies
Visa
NASDAQ
Kellogg's
Huggies